

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08

OMB-01 CEA-02 COME-00 FRB-02 XMB-07 OPIC-12 LAB-06

SIL-01 INT-08 SCI-06 FEA-02 IO-14 DRC-01 /224 W

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 6214

INFO AMEMBASSY BRUSSELS

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E.O. 11652: N/A

TAGS: EIND, ENRG, CG

SUBJECT: MOBUTU TAKEOVER OF PETROLEUM DISTRIBUTION

REF: STATE 003770

1. CHARGE MET WITH LEONARD AND LOCAL MOBIL REP MAGGIAR JAN. 8 AND COMPARED NOTES ON APPLICATION NEW ECONOMIC MEASURES INCLUDING NATIONALIZATION OF PETROLEUM DISTRIBUTION. MOBIL REPS CONFIRMED THAT COMPAN'S POLICY WAS CONCILIATORY AS REPORTED REFTEL AND PREVIOUS EMBASSY REPORTING.

2. ON JANUARY 14, GOZ PUBLISHED ORDONNANCE-LOI NO. 74/012 DATED JANUARY 10 CREATING PUBLIC INSTITUTION "PETROZAIRE". THE STATE TAKES OVER (REPREND) THE PROFESSIONAL PROPERTY OF SEP-ZAIRE, FINA-ZAIRE, SHELL, TEXACO, MOBILOIL, SOZATOLE, AND THE OIL TRANSPORT COMPANY AND TRANSFERS THEM TO "PETROZAIRE".

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3. A COMMUNIQUE OF THE DEPARTMENT OF ENERGY ANNOUNCED THAT

A PRESIDENTIAL ORDONNANCE WILL DETERMINE THE VALUE OF THE PROPERTY TAKEN OVER AND ORGANIZE THE INDEMNIFICATION OF THE OWNERS.

4. A SEPARATE ORDONNANCE-LOI NAMED CITIZEN MPEYE NGWE NE-NKIMI BANSABE DIRECTOR GENERAL AND GAHUNGA RUTI AS HIS DEPUTY. WE UNDERSTAND BOTH ARE FORMER EMPLOYEES OF SHELL AND HAVE HAD EXPERIENCE WORKING WITH ALGERIANS. GAHUNGA IS REPORTED TO BE RELATED TO BISENGIMANA.

5. MAGGIAR BELIEVES THIS LATEST DEVELOPMENT SPARKED BY CONGO NATIONALIZATION OVER WEEKEND (STATE 007911) AND NEW LAW SIMPLY BACKDATED. COMMISSAIRE D'ETAT FOR MINES UMBA DI LUTETE HAS STATED PETROZAIRE EXCLUSIVELY CONCERNED WITH IMPORT, PROCESSING AND DISTRIBUTION. INDEMNIFICATION WILL BE HANDLED AT DEPARTMENTAL AND NOT PETROZAIRE LEVEL.

6. MAGGIAR HAS REPORTED TO MOBIL NEW YORK THAT HE CONSIDERS GOZ IRREVOCABLY COMMITTED TO NATIONALIZATION PETROLEUM DISTRIBUTION. HE WILL FURNISH GOZ BOOK VALUE OF MOBIL ASSETS \$5 MILLION IN DISTRIBUTION FACILITIES TO WHICH MUST BE ADDED \$4 MILLION IN STOCKS, ACCOUNTS RECEIVABLE, HOUSE, FURNITURE.

7. GOZ CONTINUES TO URGE PERSONNEL OF TEXACO AND MOBIL TO REMAIN AS GOZ EMPLOYEES IN ORDER TO ASSURE INDEMNIFICATION. MAGGIAR AND SEIBERT (TEXACO) POINT OUT THEY ARE EMPLOYEES OF THEIR FIRMS AND THEY NOT INTERESTED IN WORKING FOR GOZ.

8. MOST PRESSING PROBLEM FACING OIL COMPANIES CONTINUES TO BE, MAGGIAR STATES, CURRENT PRICES. COMPANIES PAY ABOUT \$10.60 PER BARREL FOR DELIVERED CRUDE UNDER OLD CONTRACTS YET THEY MUST SELL FINISHED PRODUCTS AT FIXED GOZ PRICE OF \$3.60. IN RESPONSE TO UNITED FRONT BY FOUR DISTRIBUTING COMPANIES, UMBA STATED ORALLY JAN. 12 ZAIRE WOULD MAINTAIN CURRENT PRICES BUT WOULD SUBSIDIZE COMPANIES FOR THEIR LOSSES. FINA IS WILLING WORK OUT BARTER WHEREBY PETROFINA TANKER OF CRUDE DISCHARGES AGAINST WRITTEN ASSURANCES ZAIRE WILL REPLACE OIL FROM ITS OWN IMPORTS.
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Message Attributes

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